

TITLE OF INVENTION  
REVERSE AUCTION SYSTEM AND METHOD

by

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CROSS-REFERENCES TO RELATED APPLICATIONS

None.

STATEMENT REGARDING FEDERALLY SPONSORED RESEARCH OR DEVELOPMENT

None.

REFERENCE TO A MICRO-FICHE APPENDIX

None.

BACKGROUND OF THE INVENTION

Field of the Invention

The present invention relates generally to the field of e-commerce using digital and analog networks and, more specifically, to a reverse auction method and system where a pool of invited dealers submit price quotes for new automobiles over a set period of time in response to a consumer's tailored specifications.

Description of the Related Art

A search of the prior art located the following United States patents which are believed to be representative of the present state of the prior art: U.S. Patent No. 5,794,219, issued August 11, 1998, U.S. Patent No. 5,835,896, issued November 10, 1998, U.S. Patent No. 6,216,108 B1, issued April 10,

2001, U.S. Patent No. 6,415,270 B1, issued July 2, 2002, U.S. Patent No. 6,466,917 B1, issued October 15, 2002, and U.S. Patent No. 6,609,112 B1, issued August 19, 2003.

#### SUMMARY OF THE INVENTION

5           A method, system, and apparatus for automating the negotiation process between a consumer and several car dealers in order to provide the consumer with the lowest price for an automobile of the consumer's preference from a vehicle database. The present invention removes the consumer from the actual  
10          negotiation process, and allows the invited dealers to place price quotes over a set period of time. Invited dealers view other dealers' bids and have the opportunity to adjust their bids at anytime during the auction period. Accordingly, competition for the lowest bid is enhanced and, at the end of the auction,  
15          the consumer has a series of firm price quotes from which the purchase of the desired automobile can follow.

          Other features, advantages, and objects of the present invention will become apparent with reference to the following description and accompanying drawings.

#### 20           BRIEF DESCRIPTION OF DRAWINGS

          The present invention is illustrated by way of example and not limitation in the figures of the accompanying drawings, in which like references indicate similar elements and in which:

          Fig. 1 is a flowchart of an embodiment of the reverse  
25          auction transaction system of the present invention;

          Figs. 2A - 2D are representative interactive queuing page

1  
2  
3  
4 screens according to an embodiment of the reverse auction method  
5 of the present invention wherein a consumer initiates a new car  
6 auction;

7 Figs. 3A - 3D are representative interactive queuing page  
8 screens according to an embodiment of the reverse auction method  
9 of the present invention wherein a new automobile dealer reviews  
10 various new car auction summaries; and

11 Figs. 4A - 4D are representative interactive queuing page  
12 screens according to an embodiment of the reverse auction method  
13 of the present invention wherein a consumer can review his new  
14 car auction status during the bidding process.

#### 15 DETAILED DESCRIPTION OF THE INVENTION

16 A method, system, and apparatus for automating the  
17 negotiation process between a consumer and several car dealers in  
18 order to provide the consumer with the lowest price for an  
19 automobile of the consumer's preference from an available vehicle  
20 database is described. In the following description, for  
21 purposes of explanation, various and numerous specific details  
22 are set forth in order to provide a thorough understanding of the  
23 present invention. It will be evident, however, to one skilled  
24 in the art that the present invention may be practiced without  
25 these specific details.

26 The automobile reverse auction of an embodiment of the  
27 present invention, **500**, is initiated by the consumer actively  
28 answering queue prompts for the consumer's desired make and model  
29 of automobile and the consumer's zip code **100** within the system

of the present invention, as shown in Fig. 1, from an available vehicle database, 110. These queue prompts can be through one or more of a number of types of front-end servers, namely page servers that deliver web pages through the consumer's browser, or through telephonic keyboard interaction. Examples of the web pages for the consumer activation are provided in Figs. 2A - 2D. In this manner of the consumer providing parameters for the automobile to be considered for purchase and, in response thereto, dealers offering competitively at successively lower prices to provide the automobile within the consumer's parameters or specification.

Once the desired automobile specifications are selected and entered by the consumer, Fig. 2B, the system prompts the consumer for contact information and secure payment information, 140. The consumer enters charge card or credit card details via the system's secure input interactive screen, Fig. 2C, and the consumer is added to the new member roster, 150. A unique account is created for the consumer. A secure, confirming e-mail is sent to the new member consumer, and a new auction is set up within the system's member database, 120. The consumer is provided with a receipt page 170 for the specific auction on the automobile specified. This receipt provides, among other pertinent details, the auction term, dealerships invited, and specification summary for the automobile selected for new dealer, reverse auction bids by the consumer, as shown by Fig. 2D.

The nearest dealers based upon the consumer's zip code are

contacted from the dealer database, 160. Once added to the system's member database, 120, the consumer is provided with a randomly, secure logon password assignment for existing member logon to the system, 130. Using this unique secure logon password, the consumer may return to the system to check the status of the reverse bidding auction during the bidding process, and auction term as shown in Figs. 4A - 4D.

Although the embodiment presented by Figs. 4A - 4D presents a reverse auction for a new automobile according to the present invention, the system and method of the present invention provide numerous featured service options for the consumer to buy a pre-owned automobile, buy a used automobile, obtain free price quotes for a range of automobiles, or trade-in the consumer's present automobile as a part of the transaction. Similarly, member consumers have access to related services for automobile insurance, automobile financing options, consumer reports, and vehicle history reports within the secure consumer account logon membership starting page, 4A.

The consumer seeking bids on an automobile according to the present invention is sent to the receipt page, 170, and invited dealers are provided with the consumer's automobile specifications and invited to bid in specific response thereto by e-mail, facsimile, or telephone, 180, within the term for the bidding process. Once the reverse auction is initiated by the system, a predetermined number of the nearest invited dealerships selling the specified automobile are identified. The preferred

embodiment of the present invention typically selects ten to twenty participating invited dealerships within the consumer's home state, if possible. If no contacts are in the system's dealer database, an internal notification is generated and customer support contacts the dealers and adds dealers to the auction. Thus, the number of participating invited dealers can be adjusted upwards to provide the consumer a better chance at receiving the lowest bid.

Once online, a dealership may view all auctions to which it has been invited, as shown in Fig. 3B, as well as all of the current auctions for the various makes and models sold by that dealership, depicted in Fig. 3C. By proceeding to an auction for which it is invited, the dealership can view the consumer's specifications, the auction term, the consumer's location, the current lowest bid, and the total number of bids in real time, as depicted in Fig. 3D. Although the current dealer bids are provided to the invited dealer, only the consumer has the identity of the dealerships. Dealer bids are placed in a fixed price format, for example a whole dollar amount above, at, or below invoice or manufacturer's suggested retail price ("MSRP"). The dealer may also include and enter as a whole dollar amount any current rebate associated with the specified automobile. As the final invited or participating dealer step towards submitting a qualified bid in response to the consumer specifications, the dealer is required to mark a checkbox acknowledging and signifying agreement to a bidding agreement.

After a dealer submits a bid, the system of the present invention provides the consumer with an e-mail or telephone message that their auction has received a new bid. Each new bid from the same dealer inactivates any previous bids from the same dealer within the specific auction so that only one bid per dealer is active at any given time during the open bidding term of the auction. Dealers can lower or maintain their current bid levels; however, dealers must contact the system's customer support to raise a bid. If a dealer replaces another dealer as lowest bidder, the previous lowest bid dealer is notified via e-mail, facsimile or telephone call that they have been underbid, and they are then presented with the opportunity to rebid below the newly established low bid if they so choose.

The system also provides means for non-invited dealers to request invitations to bid, 190, and the consumer is given the opportunity to accept the non-invited dealers' invitation requests, 200, upon which the non-invited dealers are part of the dealer auction, solely at the consumer's option as shown by Figs. 3A - 3D. All dealers place bids or quotes in response to the consumer's specific automobile specifications by telephone or on-line, 210, and the bids associated with the particular consumer's desired transaction are stored in an auction database, 220.

Within a predetermined time period reminders are sent by e-mail, facsimile transmission, or telephone calls to all the non-bidding invited dealers, 230, selected from the dealer database, 160, or non-bidding, non-invited dealers accepted by the

consumer, 200. The predetermined time period for the preferred embodiment of the present invention is seven days; however, this time period option can be selectively adjusted by the consumer as required to get the lowest bid price by contacting the system's customer support. Upon expiration of the predetermined time period the auction ends, 240. The lowest dealer bidder is e-mailed or faxed the buyer's contact details, 250, and the consumer is e-mailed or faxed the list of bids compiled by the system, 260. The consumer may also logon to the system database and review all of the participating dealers and their bids from the auction page. Likewise, the consumer may visit any of the bidding dealerships and select any matching automobile from the available inventory or factory order the specified automobile. Once the consumer makes a choice to purchase the specified new automobile from a participating dealership, the dealership is obligated to disclose the automobile invoice and add the quote to the invoice price or MSRP. Each dealership is further obligated to hold its respective price quote for at least seven days after the auction term closes; however, dealerships are not so obligated as to cash rebates since these rebates can fluctuate greatly over short time periods.

One embodiment of the method and system of the present invention can be practiced using the Internet by all participants. The Internet apparatus necessary to practice the present invention comprises a form of machine and computer system within which a set of instructions, for causing the machine to



perform any one of the methodologies described and detailed above, may be executed. Similarly, this Internet embodiment can allow or provide access to, and/or response from, the method and system by either consumer or dealer through, a network router, a network switch, a network bridge, a cellular telephone, a Personal Digital Assistant ("PDA"), a land line telephone, a facsimile transmitter, a web appliance or any machine capable of executing a sequence of instructions that specify actions to be taken by that machine. In the event that none of these communication devices or accessories are available to the consumer or dealer, or both, or as separate written confirmation, the system can generate written communication and be practiced by postal mailing.

Thus, a method, system, and apparatus for automating the negotiation process between a consumer and several new car dealers in order to provide the consumer with the lowest price for a new automobile of the consumer's preference has been described. Although the present invention has been described with reference to specific exemplary embodiments, it will be evident that various modifications and changes may be made to these embodiments without departing from the broader spirit and scope of the present invention. Accordingly, the specification and drawings are to be regarded in an illustrative rather than a restrictive sense.